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STATE FOR OBO ACTING DIRECTOR SHINNICK
STATE EUR-IO/EX

E.O. 12958: DECL: 02/05/2019
TAGS: [ABLD](#) [AMGT](#) [MD](#)
SUBJECT: GOLDEN OPPORTUNITY TO ACQUIRE LAND FOR
NEW EMBASSY COMPOUND IN CENTRAL CHISINAU

REF: 08 CHISINAU 1156

Classified By: Ambassador Asif J. Chaudhry for
reasons 1.4 (b) and (d)

11. (C) Action request in para. 4

12. (C) We were concerned that our new embassy would sit out in the sunflower fields, resplendent but lonely, far from the center of Chisinau. Then the President suggested a centrally located military site that might work for the new U.S. Embassy. For a year we negotiated with government officials to shift ownership of the land away from the Ministry of Defense, to obtain parliamentary approval for privatizing the land, and to pass a government decision to sell the land. We were close to a final offer from the government, discussing with the First Deputy Prime Minister's staff about the form that the purchase would take, when we read in the papers that the site would be auctioned publicly. No prior notice, no reason why a direct sale to the USG was not possible. But the gods smiled on us. The Vasile Lupu Street site we wanted had no bidders.

13. (C) The Ambassador pressed our continued interest in the site in a letter to President Voronin. The President, Prime Minister and First Deputy Prime Minister (FDPM) met; the President gave a green light to proceed with an offer to the Americans. On February 6, FDPM Igor Dodon told the Ambassador that the USG could acquire the land in one of three ways (see below). Dodon noted that the recent tender set the price per hectare at USD 1.1 million for the Vasile Lupu Street land. The seven-hectare site might cost the USG as little as USD 7.7 million--less than the estimated price last year and quite a bargain, we believe.

14. (C) Commercially available, large plots of land in the central part of Chisinau are no longer available. Post firmly believes this is a unique opportunity to acquire a sizable piece of land in Chisinau. We want our new embassy to be seen by Moldovans, not relegated to the sunflower fields. We want to be present in Moldovans' minds, an active partner in Moldova's evolution, not an afterthought at the edge of town. Post requests that OBO dispatch a site survey team quickly to Chisinau to review the site and begin formal negotiations with the Moldovan government. We have a short window of opportunity--one that doesn't look out at the sunflower fields. Let's take it and purchase outright this plot of land.

Method 1: Long-Term Lease Agreement

15. (C) Dodon stated that the first option of acquisition would be a long-term lease agreement for the site. The lease would permit the USG to build on the land and then after the construction was complete the USG could then purchase the land from the GOM. In order to complete this transaction, first the USG would need to determine how much land it would require. The total plot of land was seven hectares. The GOM would need to know whether the USG would require less. Minister Dodon mentioned the pros and cons of this option. For the USG, it would be significantly cheaper to lease the land and then buy it at a reduced rate once construction was completed. The negative for the GOM would be the fact that the proceeds from the sale of this land would have gone to the Ministry of Defense (MOD) in order to build apartments for the soldiers displaced from the Vasile Lupu Street site. If the land were leased, the GOM would need to ask the USG for funds to resettle its troops. (Note: The cost of resettling the displaced troops and the uncertain price to be paid after construction may end up not being such a bargain over purchasing outright.)

Method 2: The Intergovernmental Exchange of Property

16. (C) This method of acquisition outlined by the Minister would be an intergovernmental agreement on the exchange of property in Chisinau and Washington, DC. The GOM would give the USG land and possibly buildings for a NEC and the USG would reciprocate by giving the GOM land and possibly buildings of equal value in Washington, DC. Dodon cautioned that the intergovernmental exchange of property was a difficult method, because it required approval by both the GOM and the Parliament. Securing approvals could be time consuming for both the USG and GOM.

Method 3: Direct Purchase of the Land

17. (C) (Note: Post recommends this option) Dodon stated that a third option would be for the USG to write a letter to the GOM requesting to purchase the land on Vasile Lupu Street. The USG would then purchase the land at market value. The GOM and Post would form a committee to determine the market value for the land using an independent auditor. At the recent tender offer, the GOM had priced the land at USD 1.1 million per hectare, which is less than Post was quoted last year as a possible price. The minister was very supportive of this method because it solved the problem of finding funds for building new housing for its soldiers and it allowed the USG to own the property outright. He did caution that with the election coming soon (April 5), it would be best for the USG and GOM to come to an agreement at the earlier possible time.

We should take advantage of this short window of opportunity, lest we end up with a window looking out on the sunflower fields.

CHAUDHRY